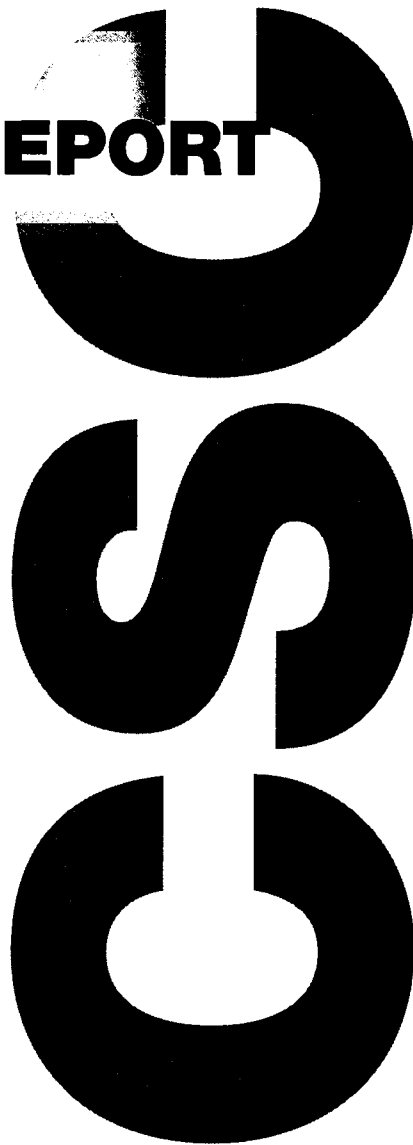


FINANCIAL REPORT 2001



EUROPEAN COMMISSION

2001 FINANCIAL REPORT



EUROPEAN COMMISSION

Directorate-General for Economic and Financial Affairs
Financial Operations Service
Wagner Centre — Luxembourg

A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (<http://europa.eu.int>).

Cataloguing data can be found at the end of this publication.

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ECSC

The European Coal and Steel Community was established under the Treaty signed in Paris on 18 April 1951 by Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands. The Treaty entered into force in 1952 for a period of 50 years and will expire on 23 July 2002. Denmark, Ireland and the United Kingdom became members of the ECSC on 1 January 1973, Greece on 1 January 1981, Spain and Portugal on 1 January 1986, and Austria, Finland and Sweden on 1 January 1995. The 15 member countries are referred to hereinafter as the 'Member States'.

Commission

The European Commission exercises the powers and responsibilities devolving upon the former High Authority in accordance with the rules laid down by the ECSC Treaty.

At 31 December 2001, the members of the Commission were:

Mr	Romano Prodi	President
Mr	Neil Kinnock	Vice-President
Ms	Loyola de Palacio	Vice-President
Mr	Mario Monti	Member
Mr	Franz Fischler	Member
Mr	Erkki Liikanen	Member
Mr	Frits Bolkestein	Member
Mr	Philippe Busquin	Member
Mr	Pedro Solbes Mira	Member
Mr	Poul Nielson	Member
Mr	Günter Verheugen	Member
Mr	Chris Patten	Member
Mr	Pascal Lamy	Member
Mr	David Byrne	Member
Mr	Michel Barnier	Member
Ms	Viviane Reding	Member
Ms	Michaele Schreyer	Member
Ms	Margot Wallström	Member
Mr	António Vitorino	Member
Ms	Anna Diamantopoulou	Member

The lending/borrowing and ECSC investments sectors are the responsibility of Mr Pedro Solbes Mira.

Directorate- General for Economic and Financial Affairs

The Economic and Financial Affairs DG's Financial Operations Service (FOS) conducts the ECSC's main financial operations under the authority, at 31 December 2001, of Mr Klaus Regling, Director-General of the Economic and Financial Affairs DG, and Mr Paul Goldschmidt, Director of the FOS

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Euro

Article 121 of the Treaty establishing the European Community laid down 1 January 1999 as the starting date for the third phase of economic and monetary union. On 3 May 1998, a Council meeting of the Heads of State or Government confirmed that Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland met the conditions required for adopting the single currency, the euro, from 1 January 1999. Greece joined this group of countries on 1 January 2001. On 31 December 1998 ⁽¹⁾ (19 June 2000 for the Greek drachma ⁽²⁾), the Council fixed irrevocably the conversion rates between the euro and the currencies of the Member States which were to adopt it:

EUR 1 =	13.7603	Austrian schillings
	40.3399	Belgian francs
	1.95583	German marks
	166.386	Spanish pesetas
	5.94573	Finnish markka
	6.55957	French francs
	340.750	Greek drachmas
	0.787564	Irish pounds
	1.936.27	Italian lire
	40.3399	Luxembourg francs
	2.20371	Dutch guilders
	200.482	Portuguese escudos

The euro exchange rates for the currencies of the other EU countries and some non-member countries are given on page 40.

⁽¹⁾ Council Regulation (EC) No 2866/98 (OJ L 359, 31.12.1998).

⁽²⁾ Council Regulation (EC) No 1478/2000 (OJ L 167, 7.7.2000).

Review of the E230 Treaty

Activity report

Expiry of the ECSC Treaty

With a view to the expiry of the ECSC Treaty on 23 July 2002 under the terms of Article 97, a wide-ranging debate was launched in the early 1990s involving all the interested parties — Member States, European Parliament, Council, Commission, ECSC Consultative Committee and the industries concerned. In theory, several options were available: renewal of the Treaty, expiry of the Treaty immediately or as scheduled, or a compromise scenario.

In view of the foreseeable developments in the sectors concerned, it was soon decided that the ECSC Treaty should expire as scheduled and that the coal and steel sectors should be placed under the ordinary regime set up by the Treaty establishing the European Community ⁽³⁾.

Already in 1992, the Commission had suggested ⁽⁴⁾ the gradual incorporation ('phasing in') of the coal and steel sectors into the Treaty establishing the European Community, and put forward a possible scenario for phasing out budgetary expenditure by 2002. This scenario was updated to incorporate the proposed reduction of the levy and the release of the ECSC reserves as a result of the reduction in borrowing/lending activity ⁽⁵⁾.

In its resolution on growth and employment, the Amsterdam European Council invited the Commission to make 'appropriate proposals to ensure that, upon expiry of the ECSC Treaty in 2002, the revenue from outstanding reserves would be used for a research fund for sectors related to the coal and steel industries'. This was in line with the wishes already expressed by the European Parliament, the ECSC Consultative Committee and the two industries, which through their levy payments have provided most of the ECSC assets. Already in 1997, the Commission had suggested an overall approach along the lines proposed by the Amsterdam European Council.

On this basis, in their resolutions of 20 July 1998 and 21 June 1999, the Council and the representatives of the governments of the Member States ⁽⁶⁾ recognised the justification for this approach and stressed the excellent results of research funded by the ECSC. They also recognised the important contribution made by these activities to the improvement of competitiveness and social conditions in the coal and steel industries.

On the basis of the Council's resolutions, the Commission proposed draft decisions to the Council on winding up the ECSC and the use of the ECSC's assets after its liquidation ⁽⁷⁾.

In the meantime, the Nice European Council decided to annex to the Treaty of Nice a protocol on the financial consequences of the expiry of the ECSC Treaty and on the Coal and Steel Research Fund. It was decided that, on the expiry of the Treaty, all assets and liabilities of the ECSC would be transferred to the European Community on 24 July 2002. The net worth of these assets and liabilities is to be considered as assets intended for research in the sectors related to the coal and steel industries. The revenue from these assets is to be used exclusively for research in the sectors related to the coal and steel industries.

⁽³⁾ See, in particular, the Commission communication entitled 'The future of the ECSC Treaty' (SEC(91) 407 final, 15.3.1991).

⁽⁴⁾ 'Future of the ECSC Treaty — financial activities' (SEC(92) 1889 final, 18.11.1992).

⁽⁵⁾ Communication entitled 'The future of the ECSC Treaty — borrowing/lending activities' (COM(93) 512 final).

⁽⁶⁾ OJ C 247, 7.8.1998; OJ C 190, 7.7.1999.

⁽⁷⁾ COM(2000) 518–520 final (OJ C 29, 31.1.2001).

Since the Treaty of Nice will probably not be ratified before the expiry of the ECSC Treaty, the Member States have temporarily entrusted the European Commission ⁽⁸⁾ with the task of managing the assets of the ECSC in liquidation by applying the same rules.

⁽⁸⁾ Decision 2002/234/ECSC of the representatives of the Member States, meeting within the Council, of 27 February 2002 (OJ L 79, 22.3.2002, p. 42).

Developments in the ECSC sector

Coal industry

Coal

The overall demand for coal is expected to have decreased from 257.2 million tonnes in 2000 to 244.9 million in 2001 (– 4.8 %). The reduction will be both in the steam-coal sector, where demand will turn out below the level of 1999, and in the coking-coal sector.

Deliveries to power stations fell by 6.9 million tonnes (4 %) from 167.4 million tonnes in 2000 to 160.5 million in 2001. There were marked decreases in Spain and the United Kingdom and slight increases in Germany and Italy.

The use of coal to manufacture coke is expected to have declined in 2001 owing to coke oven closures in Germany and the United Kingdom. A reduction of over 3 million tonnes is forecast between 2000 and 2001. Lastly, with regard to the domestic sector (including supplies to workers), consumption fell by 0.6 million tonnes to 3.6 million tonnes in 2001.

Output

Coal output in the Member States continued to fall as a result of high production costs, which necessitate the continuation of the restructuring process. Approximately 82 million tonnes of hard coal were mined in the European Union in 2001, compared with 87 million in 2000 and 100 million in 1999. Output fell in Germany (– 47 million tonnes), Spain (– 1 million tonnes) and France (– 0.8 million tonnes).

However, after a long period of decline, increased coal demand and the development of new mining areas in three of the UK's deep mines should drive up output in the United Kingdom.

Imports

Coal imports are forecast to rise in 2001. Imports in 2000 were above 1999 levels at almost 165 million tonnes, and the forecast for 2001 is 166 million tonnes.

Due to high mining costs and heavy internal demand in the United States of America, imports of US steam coal and coking coal continue to decline.

In the steam-coal market, US imports are being replaced by coal from South America and South Africa, and in the coking-coal market they are being replaced by Australian and, to a lesser extent, Canadian coal.

Coke

In 2000, steel production in the European Union was high. Blast-furnace iron output was 2.6 % higher in 2000 than in 1999. Iron output, however, is forecast to have fallen in 2001.

In 2001, coke output in the Member States totalled 34.3 million tonnes compared with 36.8 million in 2000 and 36.7 million in 1999.

In 2001, the total volume of inland deliveries was 44.3 million tonnes — practically the same as in 2000. Over 90 % of this volume (40.8 million tonnes) was supplied to the iron and steel industry. Coke imports from non-member countries totalled 9.7 million tonnes in 2001, almost 2 million tonnes up on 2000.

State aid

State aid to the coal industry is governed by Commission Decision No 3632/93/ECSC ⁽⁹⁾ of 28 December 1993, which lays down the Community rules applicable until the expiry of the ECSC Treaty in July 2002. Such aid can be regarded as compatible with the proper functioning of the common market only if it helps to achieve at least one of the following objectives:

- to make, in the light of coal prices on international markets, further progress towards the economic viability of this sector with the aim of reducing aid;
- to solve the social and regional problems created by total closure or reductions in the activity of production units;
- to help the coal industry adjust to environmental protection standards.

The main points regarding 2001 are as follows:

1. On 23 May 2001, the Commission authorised France ⁽¹⁰⁾ to grant financial aid to the coal industry for 2001 totalling EUR 991.4 million (FRF 6 503 million), of which EUR 349.1 million (FRF 2 290 million) was to cover losses on current production and EUR 642.3 million (FRF 4 213 million) went to cover inherited liabilities.
2. On 11 December 2001, the Commission authorised Spain ⁽¹¹⁾ to grant financial aid for 2001 totalling EUR 1 069.1 million (ESP 177 889 million), of which EUR 624.5 million (ESP 103 907 million) was to cover losses on current production and EUR 444.6 million (ESP 73 982 million) went to cover inherited liabilities.
3. On 21 December 2000, the Commission authorised Germany ⁽¹²⁾ to grant financial aid to the coal industry for 2000 and 2001. The aid for 2001 totalled EUR 4 156.3 million (DEM 8 129 million), of which EUR 2 755.4 million (DEM 5 389 million) was to cover losses on current production and EUR 1 400.9 million (DEM 2 740 million) went to cover inherited liabilities.
4. On 8 May 2001, the Commission authorised the United Kingdom ⁽¹³⁾ to grant financial aid for 2001 totalling EUR 40.6 million (GBP 25 million) to cover losses on current production at the following production units: Longannet Mine, Hatfield Colliery, Blenkinsopp Colliery and Betws Colliery.
5. On 25 July 2001, the Commission authorised the United Kingdom ⁽¹⁴⁾ to grant financial aid for 2001 totalling EUR 33.9 million (GBP 21 million)

⁽⁹⁾ OJ L 329, 30.12.1993, p. 12.

⁽¹⁰⁾ Decision 2001/678/ECSC (OJ L 239, 7.9.2001, p. 35).

⁽¹¹⁾ Decision 2001/XXX/ECSC (not yet published).

⁽¹²⁾ Decision 2001/361/ECSC (OJ L 127, 9.5.2001, p. 55).

⁽¹³⁾ Decision 2001/683/ECSC (OJ L 241, 11.9.2001, p. 10).

⁽¹⁴⁾ Decision 2001/807/ECSC (OJ L 305, 22.11.2001, p. 27).

to cover losses on current production at the following production units: Selby Complex, Blaentillery No 2, Hay Royds Colliery and Eckington Colliery.

6. On 17 October 2001, the Commission authorised the United Kingdom ⁽¹⁵⁾ to grant financial aid for 2001 totalling EUR 10.3 million (GBP 6 million) to cover losses on current production at the following production units: Longannet Mine and Aberpergwm Colliery.
7. In February 2002, the United Kingdom notified financial aid for 2001 totalling EUR 9.3 million (GBP 5.7 million) to cover losses on current production at the following production units: Central Surface Mines, North-East Surface Mines, Ayrshire Coalfields and Hatfield Colliery. The Commission has yet to give its decision on these measures.
8. During the year under review, there were no new legal disputes. Ongoing cases are summarised below.

- 8.1. On 26 August 1997, the Commission received a complaint (Ref. 97/4717) from five French companies ⁽¹⁶⁾, including Thion et Cie, against the publicly owned company Charbonnages de France concerning the alleged misuse of State aid it had received. On 9 February 1999, the Commission sent the French Government a letter of formal notice ⁽¹⁷⁾ in accordance with Article 88 of the ECSC Treaty concerning the State aid paid since 1994. The French Government set out its arguments in a letter dated 8 April 1999.

In the context of this dispute, the Commission authorised the aid notified by France for 2001 except for EUR 1.5 million (FRF 10 million), on which it must decide after it has examined the complaint. The Commission's decision is due in the first half of 2002.

- 8.2. On 31 January 2001, the Court of First Instance of the European Communities annulled the Commission decision of 29 June 1998 authorising the amalgamation of RAG, Saarbergwerke and Preussag Anthrazit (Case T-156/98). According to the Court, the Commission, wrongly, failed to assess the transaction price and, more specifically, whether and to what extent the possible financial support involved in the transaction price of a token amount boosted RAG's financial, and hence commercial, strength, since RAG had bought Saarbergwerke for the token sum of DEM 2. On 12 and 19 April 2001, the German Government and RAG appealed against the judgment ⁽¹⁸⁾. A further Commission decision on the amalgamation of the above companies is due in 2002.

In parallel with this 'amalgamation' procedure, the Commission sent a letter of formal notice to the German Government on 4 February 2000 concerning the possible grant of State aid in respect of the RAG/Saarbergwerke amalgamation. The German Government replied on 5 May 2001, claiming that the purchase of Saarbergwerke by RAG for DEM 2 did not involve any State aid. A Commission decision on the 'State aid' component of the amalgamation of the abovementioned companies is due in 2002.

⁽¹⁵⁾ Decision 2002/82/ECSC (OJ L 35, 6.2.2002, p. 19).

⁽¹⁶⁾ Thion et Cie, Maison Balland Brugneaux, Société Nouvelle Vinot Postry, Établissements Lekieffre, Charbogard.

⁽¹⁷⁾ OJ C 99, 10.4.1999, p. 9.

⁽¹⁸⁾ Cases C-157/01 P and C-169/01 P.

- 8.3. On 12 July 2001, the Court of First Instance of the European Communities ruled on Joined Cases T-63/99 and T-12/99 ⁽¹⁹⁾, rejecting the applicant's appeal for annulment of Commission Decisions 1999/270/ECSC ⁽²⁰⁾ and 1999/299/ECSC ⁽²¹⁾. This decision confirms the position of the Court in its judgment of 9 September 1999 in Case T-110/98, in which it rejected the applicant's appeal for annulment of Decision 98/687/ECSC ⁽²²⁾.

⁽¹⁹⁾ *UK Coal plc, formerly RJB Mining v European Commission*.

⁽²⁰⁾ Decision of 2 December 1998 on the authorisation of State aid for the German coal industry for 1998.

⁽²¹⁾ Decision of 22 December 1998 on the authorisation of State aid for the German coal industry for 1999.

⁽²²⁾ Decision of 10 June 1998 on the authorisation of State aid for the German coal industry for 1997.

Iron and steel industry

In 2000, Community steel production rose to a record high of 163.2 million tonnes, after a very long period of consecutive monthly increases, thus exceeding even the most optimistic forecasts.

However, this development, which meant that total steel production was up by 5.3 % and by more than 8 million tonnes compared with 1999, was not uniform throughout the EU Member States, since two countries, the Netherlands and the United Kingdom, saw a decline of about 7 % in their production.

The year 2001, on the other hand, saw a considerable slowdown in Community and world growth, influenced initially by the very marked weakening of the US economy and, towards the end of the year, by the consequences of the events of 11 September.

The general economic climate, which was already experiencing a slowdown in 2001, therefore declined further at the end of the year, which greatly depressed the confidence of manufacturers and consumers.

From the beginning of 2001, there was a slight downturn in EU steel production (0.8 % at the end of the first quarter), and this was followed by a further slight deterioration, with a drop of about 1.2 % by the end of the second quarter.

During the third quarter of 2001, there were fluctuations in steel production which, despite an increase of 2 % in September, resulted only in a levelling-off, for the first nine months of the year, at the same 1.2 % as in the first six months. During the same period, however, there was a further fall of approximately 10 % in steel production in the United Kingdom.

Before the tragic events which shook the United States, it might have been expected that Community steel production would continue to stabilise until the end of 2001, in view of the still satisfactory situation regarding consumption in the EU. However, the sharp general economic downturn in the United States and the EU in the wake of these events will probably have a significant effect on internal and international demand for steel in the coming months in view of the slump in consumer confidence worldwide.

This leads us to assume that, in the short term, there will be a more marked decline in Community steel production, possibly by about 3 % overall compared with 2000, which would mean annual production of 159 million tonnes in 2001.

The real effects of the general economic downturn should make themselves more keenly felt on the steel market during the first half of 2002. Community steel production could, as a result, fall considerably below the level in the first half of 2001. However, a certain recovery expected for the second half of 2002 should enable Community production to stabilise at the 2001 level of 159 million tonnes.

This production level would, nevertheless, ensure a capacity-utilisation rate that would still be satisfactory, given the equilibrium that has now been restored to the Community steel industry by the restructuring measures of the past.

It is still necessary, however, to urge operators in the EU steel market to adopt a responsible attitude in view of the present risks of rapid and serious deterioration.

It is important not to neglect the instability factor inherent in the possible massive redirection to the Community market of international supplies affected by the protectionist measures envisaged by the US administration.

In these circumstances, total maximum production potential (MPP) for crude steel is expected to rise to 202.2 million tonnes by 2003, with an average growth rate, revised downwards in relation to the previous report, of approximately 0.6 million tonnes per year.

The increasing shift towards electric steelworks between now and 2003 should result in an MPP of 84.6 million tonnes, corresponding to 41.9 % of total steel production.

The MPP for continuous casting is forecast to resume its upward trend between 2000 and 2003, with an average increase of almost 2.0 million tonnes per year. It should total 193.5 million tonnes in 2003, accounting for 95.7 % of all Community steel.

The MPP for hot-rolled products is set to increase from 184.4 million tonnes in 2000 to 186.1 million tonnes in 2003. Over half of this increase is accounted for by expenditure on facilities for producing hot-rolled wide strip in Belgium and the Netherlands.

Management of ECSC loans and guarantees

General trends in 2001

In June 1994 ⁽²³⁾, in view of the expiry of the ECSC Treaty in July 2002, the Commission readjusted its borrowing/lending policy under the Treaty. The granting of new loans out of borrowed funds was gradually reduced and ceased in the course of 1997.

With regard to the financing of workers' housing, no loans have been disbursed since 1998.

Breakdown by Member State of loans disbursed since the inception of the ECSC

(million EUR — rate at 31 December 2001)

Member State	Loans from borrowed funds				Loans from own funds		
	Article 54 (¹)	Article 56 (²)	Other	Total	Workers' housing	Other	Total
Belgium	427.5	258.2	30.5	716.2	164.8	0.0	164.8
Denmark	612.2	9.7	0.0	621.9	2.1	0.0	2.1
Germany	3 992.2	2 486.0	33.8	6 512.0	253.3	11.3	264.6
Greece	126.6	0.0	0.0	126.6	1.0	0.0	1.0
Spain	588.2	115.7	0.0	703.9	18.0	0.0	18.0
France	2 850.2	1 030.2	0.4	3 880.8	74.8	0.1	74.9
Ireland	33.9	6.3	0.0	40.2	1.4	0.0	1.4
Italy	2 630.8	724.7	106.8	3 462.3	27.3	2.7	30.0
Luxembourg	361.0	57.9	3.5	422.4	6.1	0.9	7.0
Netherlands	539.1	42.3	4.2	585.6	18.8	1.4	20.2
Austria	72.6	4.2	0.0	76.8	4.5	0.0	4.5
Portugal	239.0	10.0	0.0	249.0	1.3	0.0	1.3
Finland	0.0	0.0	0.0	0.0	0.9	0.0	0.9
Sweden	29.5	0.0	0.0	29.5	0.0	0.0	0.0
United Kingdom	3 926.3	2 635.9	0.0	6 562.2	54.6	0.0	54.6
Community	16 429.1	7 381.1	179.2	23 989.4	628.9	16.4	645.3
Non-Community	379.4	—	62.9	442.3	—	—	—
Total	16 808.5	7 381.1	242.1	24 431.7	628.9	16.4	645.3

(¹) Loans for financing industrial investment.

(²) Conversion loans.

Since the start of its financial activity, the ECSC has disbursed loans amounting to EUR 25 100 million, of which EUR 24 430 million was from borrowed funds and EUR 645 million was from own funds (special reserve and former pension fund).

With the guarantees granted during the same period (EUR 93 million), the total of ECSC financial activity is EUR 25 200 million.

⁽²³⁾ OJ C 175, 28.6.1994.

Amounts outstanding on ECSC loans

Loans from borrowed funds

(million EUR)

Member State	Amount outstanding at 31 December 2001 Article 54 ⁽¹⁾	Amount outstanding at 31 December 2001 Article 56 ⁽²⁾	Amount outstanding at 31 December 2001 Other ⁽³⁾	Total
Belgium		19.7		19.7
Denmark				
Germany	2.0	41.8		43.8
Greece	113.5			113.5
Spain		0.8		0.8
France	133.8	251.4		385.2
Ireland				
Italy	44.6	39.3	3.8	87.7
Luxembourg	104.1	6.8		110.9
Netherlands				
Austria	72.6	3.6		76.2
Portugal	133.4			133.4
Finland				
Sweden				
United Kingdom	77.2	89.3		166.5
Community	681.2	452.7	3.8	1 137.7
Poland			8.2	8.2
Romania			4.4	4.4
Non-Community			12.6	12.6
Total	681.2	452.7	16.4	1 150.3

⁽¹⁾ Loans for financing industrial investment.

⁽²⁾ Conversion loans.

⁽³⁾ Loans for financing industrial investment in the countries of central and eastern Europe (CEECs) and loans for financing the construction of workers' housing.

Loans from own funds

(million EUR)

Member State	Amount outstanding at 31 December 2001 Article 54 ⁽¹⁾	Amount outstanding at 31 December 2001 Article 56 ⁽²⁾	Amount outstanding at 31 December 2001 Other ⁽³⁾	Total
Belgium			6.2	6.2
Denmark			0.1	0.1
Germany			57.5	57.5
Greece			0.5	0.5
Spain			11.1	11.1
France			15.0	15.0
Ireland			0.4	0.4
Italy			7.8	7.8
Luxembourg			1.1	1.1
Netherlands			1.1	1.1
Austria			4.1	4.1
Portugal			0.7	0.7
Finland			0.8	0.8
Sweden			—	—
United Kingdom			11.0	11.0
Community			117.4	117.4
Total			117.4	117.4

⁽¹⁾ Loans for financing industrial investment.

⁽²⁾ Conversion loans.

⁽³⁾ Loans for financing the construction of workers' housing.

Analysis of loans outstanding by guarantee received

Loans from borrowed funds

Breakdown by country and by guarantee received Amounts outstanding at 31 December 2001

(million EUR)

Member State	Guarantee by public body	Bank guarantee (¹)	Industrial grouping		Charge on property	No guarantee	Total
			Public	Private			
Belgium	—	19.68	—	—	—	—	19.68
Denmark	—	—	—	—	—	—	—
Germany	—	41.85	—	—	2.04	—	43.89
Greece	113.47	—	—	—	—	—	113.47
Spain	—	0.75	—	—	—	—	0.75
France	—	18.95	133.82	228.67	—	3.81	385.25
Ireland	—	—	—	—	—	—	—
Italy	—	87.66	—	—	—	—	87.66
Luxembourg	6.82	—	—	104.12	—	—	110.94
Netherlands	—	—	—	—	—	—	—
Austria	—	76.20	—	—	—	—	76.20
Portugal	—	133.43	—	—	—	—	133.43
United Kingdom	—	89.27	—	—	—	77.24	166.51
Non-Community	12.57	—	—	—	—	—	12.57
Total	132.86	467.79	133.82	332.79	2.04	81.05	1 150.35

(¹) Mainly loans granted to financial institutions for on-lending to final recipients.

Loans from own funds

Breakdown by country and by guarantee received Amounts outstanding at 31 December 2001

(million EUR)

Member State	Guarantee by public body	Bank guarantee (¹)	Industrial grouping		Charge on property	No guarantee	Total
			Public	Private			
Belgium	—	6.23	—	—	—	—	6.23
Denmark	—	0.12	—	—	—	—	0.12
Germany	—	57.50	—	—	—	—	57.50
Greece	—	0.49	—	—	—	—	0.49
Spain	—	11.08	—	—	—	—	11.08
France	—	11.60	1.50	—	—	1.90	15.00
Ireland	0.36	—	—	—	—	—	0.36
Italy	—	7.76	—	—	—	—	7.76
Luxembourg	—	1.09	—	—	—	—	1.09
Netherlands	—	—	—	1.15	—	—	1.15
Austria	—	4.12	—	—	—	—	4.12
Portugal	—	0.70	—	—	—	—	0.70
Finland	—	0.78	—	—	—	—	0.78
United Kingdom	—	11.05	—	—	—	—	11.05
Total	0.36	112.52	1.50	1.15	—	1.90	117.43

(¹) Mainly loans granted to financial institutions for on-lending to final recipients.

Management of ECSC borrowings

In 2001, the ECSC did not engage in any borrowing activity owing to the forthcoming expiry of the ECSC Treaty.

Its activity was confined to managing existing borrowings, which amounted to EUR 1 436.4 million at 31 December 2001 (see table below).

Total ECSC borrowings at 31 December 2001

(million EUR)

Amortisation of ECSC borrowings at 31 December 2001					
	EUR	GBP	CHF	USD	Total
2002	584.7	93.8	0.2	4.4	683.1
2003	241.1				241.1
2004	2.2				2.2
2005	2.2				2.2
2006	2.0				2.0
2007	2.0				2.0
2008	0.3			113.5	113.8
2009		98.6			98.6
2010					0.0
2011					0.0
2012	45.7				45.7
2013					0.0
2014					0.0
2015					0.0
2016					0.0
2017		110.5			110.5
2018					0.0
2019		135.2			135.2
Total	880.2	438.1	0.2	117.9	1 436.4

Statement of consolidated debt at 31 December 2001

(million EUR)

Original currency	Debt outstanding at 31 December 2000	Operation for the financial year		Exchange rate adjustments	Debt outstanding at 31 December 2001	Maturity
		Borrowings (2001)	Redemptions (2001)			
ATS	3.6		—	0.0	3.6	2002
BEF	25.5		5.9	0.0	19.6	2002
DEM	392.5		115.9	0.0	276.6	2008
ESP	29.0		28.2	0.0	0.8	2002
FRF	441.1		142.9	0.0	298.2	2012
ITL	105.7		68.7	0.0	37.0	2007
LUF	111.0		0.0	0.0	111.0	2002
NLG	0.9		0.9	0.0	0.0	—
PTE	133.4		0.0	0.0	133.4	2002
Subtotal EUR	1 242.7		362.5		880.2	
GBP	515.9		91.1	13.3	438.1	2019
CHF	0.3		0.1	0.0	0.2	2002
JPY	104.8		97.1	- 7.7	0.0	—
USD	175.5		67.4	9.8	117.9	2008
Total	2 039.2	0	618.2	15.4	1 436.4	

Other ECSC activities

Redeployment aid (Article 56(1)(c) and (2)(b) of the ECSC Treaty)

Traditional and supplementary aid

Redeployment aid is an essential social complement to the European Union's industrial policy in the ECSC sectors. When permanent closures, cutbacks or changes in activity or, in the case of the coal industry, the introduction of new technologies or production processes lead to job losses, the European Union endeavours to mitigate the social repercussions for the workers, mainly through redeployment measures. It thus helps to finance aid to limit income losses for the workers affected.

The aid is granted under arrangements set out in bilateral agreements and takes account of the recipients' circumstances (early retirement, unemployment, transfer, or retraining).

The average maximum amount granted per worker is EUR 3 000. However, all ECSC payments are conditional on payment by the Member State concerned of at least an equivalent contribution.

In addition to this 'traditional' system of aid under Article 56(1)(c) and (2)(b) of the Treaty, the ECSC has stepped up its operations in the coal sector.

In application of its decision of 6 September 2000 to launch a programme of supplementary social measures to accompany the restructuring of the coal industry for the period from 1 January 2001 to 23 July 2002 (social measures for coal), the Commission stepped up Community co-financing of schemes to help miners who lose their jobs as a result of restructuring: payments for early retirement, unemployment (including redundancy payments and severance grants) or redeployment (allowances for loss of earnings, mobility allowances, etc.). The supplementary aid thus granted amounts to an average of more than EUR 4 000 per worker taking early retirement and EUR 2 000 for those who become unemployed or are redeployed.

In the steel sector, the supplementary programme (social measures for steel, 1993–95) having been completed, the Commission did not earmark any additional amounts but paid out the final instalments of aid to which it was already committed.

The tables in the annex show the breakdown of recipients by Member State and amounts granted in 2001 in the form of 'traditional' aid, aid under the supplementary coal programme and the cumulative situation as at 31 December for the past two years (including the supplementary steel programme).

Aid for steel industry research (Article 55 of the ECSC Treaty)

1. Research and technological development

In 2001, the ECSC's research and technological development (RTD) programme for steel was granted EUR 56 million for the funding of research and pilot/demonstration projects under Article 55 of the ECSC Treaty (aid for steel research).

The Commission selected and financed 61 research projects from the 112 proposals received and 12 pilot and demonstration projects from the 15 proposals received which were seeking financial support.

Funding for the research projects totalled EUR 42.77 million and for the pilot and demonstration projects EUR 12.27 million.

Financial aid for the research projects breaks down by domain as follows:

- reduction of iron ores: 8 %;
- steelmaking: 21 %;
- rolling: 30 %;
- measurement and analysis: 10 %;
- properties and performance: 31 %.

Financial aid for the pilot and demonstration projects breaks down by domain as follows:

- iron- and steelmaking: 33 %;
- continuous casting: 8 %;
- rolling and product treatment: 38 %;
- online control: 16 %;
- steel structures: 5 %.

The main aims of these projects are to reduce production costs, improve the quality and performance of products, promote the use of steel, extend the areas of application of steel, adapt production conditions to environmental requirements, develop new processes and test innovatory applications.

2. Accompanying and support measures

These measures for supplementing or coordinating research activities are intended to increase the effectiveness of the programme.

The Commission also subsidised international events: one in France on the latest advances in steelmaking technology and the other in Germany on steel in the environment.

Furthermore, and again with a view to coordinating and extending contacts among researchers in order to promote and encourage the dissemination

of information on the ECSC's steel programme, an 'ECSC steel research' home page is available on the Internet (<http://www.cordis.lu/ecsc-steel/home.html>), and an information bulletin entitled *Steel RTD newsletter* is published twice annually.

Aid for coal industry research (Article 55 of the ECSC Treaty)

In the field of technical coal research, 17 projects were granted financial support under Article 55 of the ECSC Treaty for a total of EUR 22 581 900, plus EUR 418 000 for the dissemination of the research results and associated costs.

The main aims of the projects were effective protection of the environment, raising public awareness of coal as an energy source, improving the competitive position of coal, and the rational use of Community resources. Of the total EUR 22 581 900 of approved aid, EUR 13 779 660 (61.0 %) was earmarked for research projects having a specific environmental impact and EUR 3 479 700 (15.4 %) for projects relating to health and safety in mines.

The financial aid breaks down by field of research as follows:

	Aid	
	EUR	%
Mining technology		
— Excavation systems	2 044 020	9.1
— Firedamp, ventilation, climate	1 366 680	6.1
— Mine management	1 770 840	7.8
Total 'mining technology'	5 181 540	23.0
Coal use		
— Coal preparation	1 245 000	5.5
— Uses of coal in metal production	2 375 700	10.5
— Coal combustion and gasification	13 779 660	61.0
Total 'use'	17 400 360	77.0
Total	22 581 900	100.0

Out-turn of the ECSC operating budget

The breakdown of resources and expenditure in the 2001 budget is shown below.

Revenue

The High Authority (the Commission) is empowered to raise the funds needed to carry out its mandate by setting a levy on the production of coal and steel.

However, the Commission decided to keep the rate of the levy at 0 % in 2001, since the provisions entered in the ECSC balance sheet at 31 December 2000 were deemed sufficient to maintain the ECSC's budgetary activity at the appropriate level until the expiry of the Treaty.

The resources used to finance the ECSC budget in 2001 came from:

- the 'net balance' of financial operations, particularly interest from the investment of the cash, reserves and other provisions entered in the ECSC balance sheet;
- the cancellation of commitments which were not implemented;
- withdrawal from the provision for financing the ECSC operating budget;
- miscellaneous resources.

For 2001, these types of revenue were EUR 48 million, EUR 58 million, EUR 77 million and EUR 6 million respectively.

In 2001, the revenue of the ECSC operating budget therefore totalled EUR 189 million.

Expenditure

The revenue of the operating budget is intended to cover the various types of expenditure provided for by the ECSC Treaty.

1. Administrative expenditure

The ECSC's contribution to administrative expenses is provided for in Article 50 of the ECSC Treaty and specified in Article 20 of the Merger Treaty. The Council decision of 21 November 1997, adopted under this legislation, reduced expenditure to a flat rate of EUR 5 million per year.

2. Social aid

Under Article 56(1)(c) and (2)(b) of the ECSC Treaty, EUR 107 million was committed in 2001 to social redeployment aid for ECSC workers (traditional redeployment measures and 'steel' and 'coal' social measures).

Under the terms of Article 56, when permanent closures, cutbacks or changes of activity lead to job losses, the European Union endeavours, particularly through redeployment measures, to mitigate the social repercussions for the workers concerned. It also helps to finance aid to provide income support for the workers affected.

The granting of social aid is contingent upon payment by the Member State concerned of a special contribution of at least an equivalent amount.

Social aid is granted under arrangements set out in the bilateral agreements concluded with the Member States (early retirement, unemployment, transfer, retraining and vocational training).

3. Aid for research

Under Article 55 of the ECSC Treaty, EUR 77 million was committed in 2001 to aid for technical research in the steel and coal sectors.

The main aims of aid for steel research (EUR 55.8 million) are to reduce production costs, improve the quality and performance of products, promote the use of steel and develop new fields of application, and bring production conditions into line with environmental requirements.

In the field of coal research (EUR 21.3 million), the main aims are to reduce production costs, increase underground and surface productivity, improve safety and working conditions, maintain new markets and, above all, improve the utilisation of coal with a view to better protecting the environment.

Out-turn of the ECSC operating budget — 2001

(million EUR)

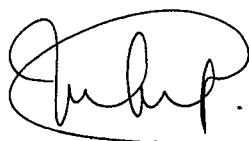
Requirements			Resources		
Operations to be financed from current resources (not reimbursable)	Forecast	Out-turn	Resources for the financial year	Forecast	Out-turn
1. Administrative expenditure	5	5	1. Current resources		
			1.1. Yield from levy at 0.00 %	0	0
2. Redeployment aid (Article 56)	80	80	1.2. Net balance	48	48
			1.3. Fines and surcharges for late payment	p.m.	4
			1.4. Miscellaneous	3	2
3. Aid for research (Article 55)	79	77	2. Cancellation of commitments for measures which are unlikely to be implemented	36	58
3.1. Steel research	56	56			
3.2. Coal research	23	21			
4. Social measures (coal) (Article 56)	31	27	3. Withdrawal from provision for financing the operating budget	108	77
Total budget	195	189	Total budget	195	189

**Report by the European Court
of Auditors on the financial
statements of the European Coal
and Steel Community
as at 31 December 2001
drawn up in accordance
with Article 45c(5)
of the ECSC Treaty**

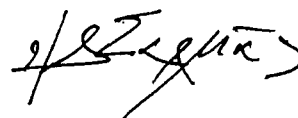
Report by the European Court of Auditors on the financial statements of the European Coal and Steel Community as at 31 December 2001

1. This report concerns the reliability of the accounts drawn up by the Commission in accordance with Article 45c(5) of the Treaty establishing the European Coal and Steel Community.
2. The Court has audited the accounts and financial statements of the European Coal and Steel Community at 31 December 2001 in accordance with generally accepted auditing standards and carried out such checks as it considered necessary. By means of this audit the Court has obtained a reasonable basis for the opinion expressed below.
3. In the Court's opinion, the attached financial statements (balance sheet at 31 December 2001, profit and loss account, statement of the allocation of the surplus for the financial year then ended and notes to the financial statements), which have been drawn up in accordance with generally accepted accounting principles, give a true and fair view of the assets and financial situation of the European Coal and Steel Community at 31 December 2001 and of the results of its operations for the year then ended.

Luxembourg, 6 June 2002



Juan Manuel Fabra Vallés
President of the Court of Auditors



Ioannis Samas
Member of the Court of Auditors

ECSC financial statements

ECSC financial statements

The ECSC's balance sheet, profit-and-loss account and statement of the allocation of profit for the year ending 31 December 2001 were submitted to the Commission for approval under written procedure No E/947/2002 of 5.6.2002 and are shown in this financial report as approved by the Commission.

Balance sheet at 31 December 2001

Before allocation of surplus

Assets

(EUR)

	31 December 2001	31 December 2000
Balances with central banks (Note C.1)	63 130	84 650
Loans and advances:		
— repayable on demand	8 553 937	8 331 435
— with agreed maturity dates or periods of notice (Note C.2.1)	133 272 729	25 381 261
— loans (Note C.2.2)	355 368 358	611 297 253
Total	497 195 024	645 009 949
Loans and advances to customers:		
— loans (Note C.3.1)	1 045 139 605	1 459 488 702
— levy (Note C.3.2)	66 213	61 041
— fines (Note C.3.3)	39 806 715	38 950 716
— interest subsidies repayable (Note C.3.4)	2 579 066	3 304 216
Total	1 087 591 599	1 501 804 675
Bonds and other fixed-income securities (Note C.4):		
— issued by public bodies	1 090 184 127	973 765 678
— issued by other borrowers	478 711 875	705 940 156
Shares and other variable-income securities (Note C.5)	44 205 202	44 040 538
Total	1 613 101 204	1 723 746 372
Other assets (Note C.6)	7 092 794	5 170 347
Prepayments and accrued income (Note C.7)	82 534 005	96 173 610
Total assets	3 287 577 756	3 971 989 603
Off-balance-sheet commitments (Note C.23)	310 674 984	430 881 628

Balance sheet at 31 December 2001

Before allocation of surplus

Liabilities

	(EUR)	
	31 December 2001	31 December 2000
<i>Liabilities vis-à-vis third parties</i>		
Amounts owed to credit institutions (Note C.8)		
— repayable on demand	—	352 822
— with agreed maturity dates or periods of notice	604 294 572	981 277 746
Total	604 294 572	981 630 568
Debts evidenced by certificates (Note C.9)	836 250 262	1 062 076 396
Other liabilities (Note C.10)	301 104	7 494 034
Accruals and deferred income (Note C.11)	78 061 265	91 947 305
Liabilities vis-à-vis third parties	1 518 907 203	2 143 148 303
<i>ECSC operating budget (Note C.12)</i>	530 720 948	835 516 282
<i>Provisions for liabilities and charges</i>		
Guarantee Fund (Note C.14.1)	580 000 000	565 000 000
Provisions for major exposures (Note C.14.2)	6 000 000	17 000 000
Other provisions (Note C.14.3)	150 699 271	158 663 347
Total provisions	736 699 271	740 663 347
Budget for financing coal and steel research (Note C.13)	240 000 000	—
<i>Reserves and surplus (Note C.15)</i>		
Special reserve	118 000 000	176 055 284
Former pension fund	40 000 000	74 577 321
Assets of the Coal and Steel Research Fund	92 632 605	—
Surplus brought forward	2 029 066	213 454
Surplus for the financial year (Note C.16)	8 588 663	1 815 612
Total reserves and surplus	261 250 334	252 661 671
Total liabilities	3 287 577 756	3 971 989 603
Off-balance-sheet commitments (Note C.23)	300 196 287	426 626 265

Profit-and-loss account for the year ending 31 December 2001

Charges

(EUR)

	Financial year 2001	Financial year 2000
Interest payable and similar charges (Note C.17)	141 299 615	170 536 669
Commission paid	379 849	439 219
Net losses on financial operations		
— exchange difference (Note B.2)	268 248	862 006
— losses on bonds and other fixed-income securities	2 248 893	6 703 555
— value adjustments for bonds and other fixed-income securities (Note C.4)	6 760 668	2 960 265
— value adjustments for shares and other variable-income securities (Note C.5)	3 072 877	13 920 110
Total	12 350 686	24 445 936
Administrative overheads (Note C.18)	5 000 000	5 000 000
Value adjustments for land and buildings	—	166 180
Other operating charges (Note C.19)	1 711 089	315 884
Value adjustments for loans and advances and provisions for liabilities and commitments:		
— value adjustment for loans and advances	4 743 980	12 590 342
— allocation to the Guarantee Fund (Note C.14.1)	15 000 000	12 000 000
— allocation to other provisions for liabilities and charges (Notes C.13 and C.14.3)	2 057 973	17 134 135
Total	21 801 953	41 724 477
Extraordinary charges	31 139	270 668
Legal commitments for the financial year (Note C.12)	184 554 560	129 942 347
Allocation to the budget for financing coal and steel research (Note C.13)	240 000 000	—
Total charges	607 128 891	372 841 380
Surplus for the financial year (Note C.16)	8 588 663	1 815 612
Total	615 717 554	374 656 992

Profit-and-loss account for the year ending 31 December 2001

Income

	Financial year 2001	Financial year 2000
Interest receivable and similar income (Note C.20) (including interest on fixed-income securities: 69 658 619 in 2001 and 73 603 257 in 2000)	214 741 377	248 795 316
Commissions received	253 300	93 400
Net profit on financial operations:		
— profit on bonds and other fixed-income securities	696 145	2 158 217
— withdrawal of value adjustments for bonds and other fixed-income securities (Note C.4)	17 200 348	16 334 306
— withdrawal of value adjustments for shares and other variable-income securities (Note C.5)	1 179 177	7 951 984
Total	19 075 670	26 444 507
Withdrawals of value adjustments for loans and advances and from the provisions for liabilities and commitments:		
— withdrawal of value adjustments for loans and advances	49 478 703	13 155 711
— withdrawal from the provision for major exposures (Note C.14.2)	11 000 000	1 000 000
— withdrawal from other provisions for liabilities and charges (Note C.14.3)	3 477 090	0
Total	63 955 793	14 155 711
Other operating income (Note C.21)	83 387	2 122 461
Extraordinary income	1 879 316	2 427 191
Income relating to the ECSC operating budget (Note C.22)	64 523 231	74 618 406
Withdrawal from the provision for financing the ECSC operating budget (Note C.12)	251 205 480	6 000 000
Total income	615 717 554	374 656 992

Allocation of the surplus for the year ending 31 December 2001

	(EUR)	
	Financial year 2001	Financial year 2000
Surplus brought forward at 1 January	2 029 066	213 454
Surplus for the year to be allocated	8 588 663	1 815 612
Total	10 617 729	2 029 066
Allocation to the assets of the Coal and Steel Research Fund (Note C.15)	7 367 395	0
Surplus brought forward at 31 December	3 250 334	2 029 066

NOTES RELATING TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2001

A. The ECSC

The European Coal and Steel Community (ECSC) was established by the Treaty of 18 April 1951. According to the Treaty, the task of the ECSC was to contribute to the economic expansion of the Member States through the establishment of a common market for coal and steel.

The ECSC Treaty is due to expire on 23 July 2002. The Nice European Council decided to annex to the Treaty of Nice a protocol on the financial consequences of the expiry of the ECSC Treaty and on the creation and management of the Coal and Steel Research Fund. It was decided that all ECSC assets at the time of the expiry of the Treaty would be transferred to the European Community with effect from 24 July 2002. The net value of these assets is considered to be earmarked for research in the sectors associated with the coal and steel industries. The income generated by these assets will be allocated exclusively to research in these sectors.

Since the Treaty of Nice will probably not be ratified before the expiry of the ECSC Treaty, the Member States have temporarily entrusted to the European Commission ⁽²⁴⁾ the task of managing the assets of the ECSC in liquidation by applying the same rules.

In view of the expiry of the ECSC Treaty, the rate of the ECSC levy was reduced to zero in 1998, and the ECSC's lending activity has been discontinued since July 1997 (Commission decision of 22 June 1994). Thus, most of the ECSC's funds now come from the net balance obtained in the management of the various reserves and provisions.

B. Accounting principles and methods

1. Presentation of the financial statements

The financial statements are drawn up in accordance with generally recognised accounting principles.

The accounting principles and evaluation methods used for the items in the financial statements take account of the constraints imposed on and resolutions applicable to the ECSC under the Treaties and other ECSC-related decisions adopted by the institutions of the European Communities.

The accounting methods used also take account of the fact that the ECSC will not operate after 23 July 2002, when the ECSC Treaty expires.

They are presented in accordance with Council Directives 78/660/EEC and 86/635/EEC ⁽²⁵⁾ on the annual accounts and consolidated accounts of banks and other financial institutions wherever these are applicable and sub-

⁽²⁴⁾ Decision of the representatives of the ECSC Member States, meeting within the Council, of 27 February 2002 (OJ L 79, 22.3.2002, p. 42).

⁽²⁵⁾ OJ L 222, 14.8.1978; OJ L 372, 31.12.1986.

ject to the abovementioned necessary adjustments. Directive 2001/65/EC ⁽²⁶⁾ amending the abovementioned directives concerning the valuation rules and, in particular, fair value is not yet applicable to the ECSC financial statements. This directive must be applied by 31 December 2003.

2. Conversion of foreign currency

The currency used by the ECSC for its annual accounts is the euro (EUR).

All foreign currency transactions carried out by the ECSC are converted into euro at the monthly rate communicated by the European Central Bank.

The value of non-financial assets/liabilities is converted into euro at the monthly rate applicable on the date on which they were acquired or on which their value was last adjusted.

On the balance-sheet date, financial assets/liabilities are converted into euro at the monthly rate applicable on that date. Negative differences are entered under 'charges' in the profit-and-loss account, while positive differences are deferred and entered under 'accruals and deferred income' on the liabilities side.

2.1. Conversion rates

The following rates have been used for converting year-end balance-sheet amounts expressed in national currency into euro:

Euro zone	
Austrian schilling	13.76030
Belgian and Luxembourg francs	40.3399
German mark	1.95583
Spanish peseta	166.386
Finnish markka	5.94573
French franc	6.55957
Greek drachma	340.750
Irish pound	0.787564
Italian lira	1 936.27
Dutch guilder	2.20371
Portuguese escudo	200.482

Non-euro zone	31 December	
	2001	2000
Danish krone	7.43650	7.46310
Pound sterling	0.60850	0.624100
Swedish krona	9.30120	8.83130
Swiss franc	1.48290	1.5232
Japanese yen	115.330	106.920
United States dollar	0.88130	0.93050

2.2. At 31 December 2001, the various currencies listed above, together with the euro, made up the ECSC's balance sheet as follows:

(EUR)

Currency	Assets	Liabilities
Euro	2 583 240 668	2 638 980 434
Danish krone	779 613	11 794
Pound sterling	570 597 241	514 241 928
Swedish krona	294 980	0
Swiss franc	205 598	212 386
United States dollar	132 459 656	134 131 214
Total	3 287 577 756	3 287 577 756

⁽²⁶⁾ OJ L 283, 27.10.2001.

3. Treasury investment and valuation of bonds and other securities

The ECSC's internal prudential rules stipulate that portfolio investments are to be confined to securities issued by first-ranking entities. However, in 1998, under an agreement to restructure the debt of a defaulting debtor, the ECSC exceptionally acquired shares and other variable-income securities from a private sector company.

Bonds and other fixed-income securities and shares and other variable-income securities are valued at the average purchase price or the market value obtaining at the end of the financial year, whichever is the lower.

This principle is not applied in the case of securities considered as financial fixed assets, which are valued at the average purchase price or the redemption value, whichever is the lower.

4. Special features of the ECSC financial statements

(a) ECSC operating budget

Part of the ECSC's funds are made available to the ECSC operating budget, which is adopted annually by the Commission after informing the Council and consulting the European Parliament.

The commitments entered into by the operating budget vis-à-vis third parties and the provisions for financing the operating budget are shown under the heading 'ECSC operating budget' (see Note C.12).

(b) Budget for financing coal and steel research

The Member States of the European Union have decided that the income from the management of ECSC assets after 23 July 2002 should be allocated to the general budget of the European Community ⁽²⁷⁾. This income is earmarked for a research programme relating to the coal and steel industries, as stated in Note A to this report.

The ECSC has already constituted provisions at 31 December in order to prepare the ground for this mechanism for financing coal and steel research. These provisions are entered under the heading 'Budget for financing coal and steel research' (see Note C.13).

(c) Fines and interest subsidies

Fines and interest subsidies whose repayment has been requested are not regarded as ECSC resources until they have actually been received. Fines imposed but not yet paid and interest subsidies whose repayment has been requested are therefore allocated to provisions (see Note C.14.3a).

C. Explanatory notes to the headings in the balance sheet and the profit-and-loss accounts

1. Balances with central banks

This item represents the ECSC's balances with the central banks of certain Member States.

⁽²⁷⁾ Decision of the representatives of the ECSC Member States, meeting within the Council, of 27 February 2002 (OJ L 79, 22.3.2002, p. 42).

2. Loans and advances to credit institutions

2.1. With agreed maturity dates or periods of notice

The breakdown of the remaining time to maturity of these operations is as follows:

(EUR)

	31 December	
	2001	2000
Up to three months	133 272 729	25 381 261
Three months to one year	—	—
Total	133 272 729	25 381 261

2.2. Loans

The breakdown of the remaining time to maturity of these operations is as follows:

(EUR)

	31 December	
	2001	2000
Up to three months	33 692 382	40 095 286
Three months to one year	218 222 375	215 609 298
One to five years	39 999 682	284 383 600
Over five years	63 453 919	71 209 069
Total	355 368 358	611 297 253

3. Loans and advances to customers

3.1. Loans

The loans granted to credit institutions are shown under 'Loans and advances to credit institutions' (see Note C.2).

The other loans break down as follows:

		(EUR)	
		31 December	
		2001	2000
1. Loans disbursed from borrowed funds			
— amounts outstanding		1 091 388 811	1 546 451 118
— value adjustments		– 99 348 028	– 143 192 092
Sub-total		992 040 783	1 403 259 026
2. Loans from the special reserve for financing subsidised housing			
		17 483 206	19 509 794
Interim total		1 009 523 989	1 422 768 820
The breakdown of these loans by time remaining to maturity at 31 December is as follows:			
	2001	2000	
— Up to three months	170 535 047	131 767 190	
— Three months to one year	166 153 710	315 397 548	
— One to five years	240 749 165	593 899 440	
— Over five years	531 434 095	524 896 734	
3. Loans paid from the former pension fund to officials of the European Communities for housing construction		34 817 280	36 087 234
4. Loan repayments overdue and interest on arrears		798 336	632 648
Grand total		1 045 139 605	1 459 488 702

NB: Loans are generally guaranteed by Member States, banks or businesses or by mortgages.

3.2. Levy

The levy rate for 1998–2001 was 0 %, so the claims at 31 December 2001 relate to previous years.

This item breaks down as follows:

	31 December	
	2001	2000
Gross amount	5 455 706	5 621 065
Value adjustments	– 5 389 493	– 5 560 024
Net amount	66 213	61 041

It includes, in particular, EUR 5 377 782 subject to legal proceedings (EUR 5 551 715 at 31 December 2000).

3.3. Fines

This item contains the Commission's claims on companies fined in accordance with the rules set out in the Treaty.

After value adjustment, it amounts to EUR 39 806 715 (EUR 38 950 716 at 31 December 2000).

This item has two main components.

A fine totalling EUR 104 364 350 that the Commission imposed on steel companies for infringing the rules on competition in the marketing of steel beams (Decision 94/215/ECSC ⁽²⁸⁾ of 16 February 1994). In its judgment of 11 March 1999, the Court of First Instance reduced the total fines by EUR 24 774 000 to EUR 79 590 350. Seven companies have lodged appeals against the judgment of the Court of First Instance. Pending the decision of the Court of Justice, a total (without interest) of EUR 28 959 000 remained outstanding at 31 December 2001.

A fine totalling EUR 27 380 000 was imposed by the Commission (Decision 98/247/ECSC ⁽²⁹⁾ of 21 January 1998) under Article 65 of the Treaty on steel companies for concerted agreement on the formula for calculating the alloy surcharge. In its judgment of 13 December 2001, the Court of First Instance reduced the total amount of fines by EUR 4 970 000 to EUR 22 410 000. A total (without interest) of EUR 8 064 000 had not yet been paid at 31 December 2001.

3.4. Interest subsidies to be recovered

This item comprises claims on companies in receipt of subsidised loans which the Commission has been obliged to ask to reimburse all or part of the interest subsidy already paid.

⁽²⁸⁾ OJ L 116, 6.5.1994.

⁽²⁹⁾ OJ L 100, 1.4.1998.

4. Bonds and other fixed-income securities

4.1. Composition

Bonds and other fixed-income securities break down as follows:

(EUR)

	Value adjustments on bonds and other fixed-income securities Allocation (withdrawal)	31 December	
		2001	2000
Issued by public bodies			
Gross value		1 102 728 104	995 016 008
Value adjustments	- 8 706 353	- 12 543 977	- 21 250 330
Net value		1 090 184 127	973 765 678
Issued by other borrowers			
Gross value		481 525 476	710 521 782
Value adjustments	- 1 768 025	- 2 813 601	- 4 581 626
Net value		478 711 875	705 940 156
Total bonds			
Gross value		1 584 253 580	1 705 537 790
Value adjustments	- 10 474 378	- 15 357 578	- 25 831 956
Net value		1 568 896 002	1 679 705 834

4.2. Maturities in 2002

Securities in the portfolio reaching final maturity during 2002 represent the following amounts:

(EUR)

Issued by public bodies	309 802 520
Issued by other borrowers	142 525 164
Total	452 327 684

4.3. Financial fixed assets (see Note B.3)

Financial fixed assets are defined as securities that will remain in the portfolio until their final maturity. They comprise mainly short- or medium-term paper and own-debt securities repurchased for servicing ECSC borrowings.

At 31 December 2001, financial fixed assets totalled EUR 48 519 675.

The redemption value of these securities is EUR 1 548 471 less than the average acquisition price.

4.4. Return on investment

Treasury investments take account of the maturity dates and liquidity requirements applicable to ECSC financial operations. They are subject to strict criteria with regard to the financial standing of the counterparty.

The return on investment, including the variation in the market value of bonds (calculated by the modified Dietz method) was 5.6 % for the year ending 31 December 2001.

5. Shares and other variable-income securities

Shares and other variable-income securities break down as follows:

(EUR)

	Value adjustments on shares and other variable-income securities Allocation (withdrawal)	31 December	
		2001	2000
Gross value		100 198 015	98 139 651
Value adjustments	1 893 700	- 55 992 813	- 54 099 113
Net value		44 205 202	44 040 538

These shares and other variable-income securities were received by the ECSC as part of the restructuring plan of a defaulting debtor (see Note B.3).

A portion of one of these securities, representing a net value of EUR 17 070 666, was the subject of a loan contract with a credit institution (maturity date 1 July 2004 with call option 1 July 2002).

6. Other assets

Other assets break down as follows:

(EUR)

	31 December	
	2001	2000
Current account, ECSC operating budget	724 633	—
Withholding taxes and VAT to be reclaimed	2 446 873	2 374 098
Loans to officials	3 900 732	2 763 544
Miscellaneous	20 556	32 705
Total	7 092 794	5 170 347

7. Prepayments and accrued income

Prepayments and accrued income break down as follows:

(EUR)

	31 December	
	2001	2000
Interest on loans and swaps	65 111 062	74 306 162
Interest on deposits and securities portfolio	25 205 627	25 819 166
Issuing costs and redemption premiums	868 748	2 750 794
	91 185 437	102 876 122
Cumulative value adjustments	- 8 651 432	- 6 702 512
Total	82 534 005	96 173 610

8. Amounts owed to credit institutions

The remaining time to maturity on these operations is as follows:

(EUR)

	31 December	
	2001	2000
Repayable on demand	—	352 822
With agreed maturity dates or periods of notice:		
Borrowings:		
— Up to three months	211 944 169	59 539 460
— Three months to one year	371 209 437	374 269 101
— One to five years	18 846 752	543 151 231
— Over five years	2 294 214	4 317 954
Total	604 294 572	981 277 746

9. Debts evidenced by certificates

This item comprises loan securities.

EUR 104 115 280 of the borrowings outstanding at 31 December 2001 is due to reach maturity during the 2002 financial year.

10. Other liabilities

Other liabilities break down as follows:

(EUR)

	31 December	
	2001	2000
Current account, ECSC operating budget	0	7 431 189
Other	301 104	62 845
Total	301 104	7 494 034

11. Accruals and deferred income

Accruals and deferred income break down as follows:

(EUR)

	31 December	
	2001	2000
Interest on borrowings and credit lines	65 877 350	76 202 004
Commissions on loans	86 307	132 307
Issuing premiums	1 700 611	3 684 239
Deferred positive exchange differences	10 396 997	11 928 755
Total	78 061 265	91 947 305

12. ECSC operating budget

This item comprises commitments for the operating budget totalling EUR 380 926 428 (EUR 434 516 282 at 31 December 2000) and provisions associated with financing the operating budget totalling EUR 149 794 520 (EUR 401 000 000 at 31 December 2000).

In 2001, commitments for the ECSC operating budget were as follows:

(EUR)

	Amounts at 31 December 2000	New legal commitments	Payments	Cancellations	Amounts at 31 December 2001
Redeployment	130 901 577	79 963 352	58 718 224	23 185 896	128 960 809
Research	184 602 943	77 186 200	78 703 941	9 061 207	174 023 995
Interest subsidies (Article 54)	137 545	0	137 545	0	0
Interest subsidies (Article 56)	40 515 789	0	5 221 149	10 285 961	25 008 679
Social measures: steel industry	19 916 641	0	10 787 499	9 129 142	0
Social measures: coal industry (Rechar)	58 441 787	27 405 008	26 577 715	6 336 135	52 932 945
Total	434 516 282	184 554 560	180 146 073	57 998 341	380 926 428

The provision for financing future operating budgets ⁽³⁰⁾ and the provision for budgetary contingencies ⁽³¹⁾ were as follows:

(EUR)

	Amount at 31 December 2000	Allocation	Withdrawal 2001	Amount at 31 December 2001
Provision for financing future operating budgets:				
— provision for the 2001 operating budget	108 000 000	—	108 000 000	0
— provision for the 2002 operating budget ⁽¹⁾	220 000 000	—	101 205 480	118 794 520
Provision for budgetary contingencies	73 000 000	—	42 000 000	31 000 000
Total	401 000 000	—	251 205 480	149 794 520

⁽¹⁾ Commission Decision No 2537/2001/ECSC of 21 December 2001 (2002 operating budget). Part of these provisions freed by the expiry of the ECSC Treaty is earmarked for the mechanism to finance the Coal and Steel Research Fund (see Notes B.4b+C.13).

⁽³⁰⁾ This provision was constituted by the budgetary authority when it approved the 1997 ECSC operating budget. It was prompted by the reduction of the levy to 0 % from 1998 and the need to plan for the regular financing of future operational budgets until 2002.

⁽³¹⁾ This provision is intended to guarantee the planned ECSC commitments on the resources of the 2002 operating budget (1 January to 23 July).

13. Budget for financing coal and steel research

This item breaks down as follows:

(EUR)		
31 December		
	2001	2000
Provision for research in 2003	60 000 000	0
Provision for research in 2004	60 000 000	0
Provision for smoothing	120 000 000	0
Total	240 000 000	0

In view of the expiry of the ECSC Treaty on 23 July 2002 and the winding-up of the ECSC, it has been decided that all ECSC assets at the time of the expiry of the Treaty will be transferred to the European Community with effect from 24 July 2002 ⁽³²⁾. The net value of these assets is considered to be earmarked for research in the sectors associated with the coal and steel industries. The income generated by these assets will be allocated exclusively to research in these sectors.

In practice, the net profit from the management of the assets (invested mainly in the portfolio of securities and term deposits) in year n will be transferred to the general budget of the European Community and will be used for research in year $n + 2$. On the basis of simulations of the net profit from the management of the assets, it was decided to set the initial funding at EUR 60 million.

In order to reduce fluctuations in research funding resulting from movements on the financial markets, a smoothing formula will be applied in accordance with the procedures approved by the Member States. This smoothing formula will be applied for the first time to the results for the 2003 financial year and will be used to determine the allocation for research in 2005. In order to launch this mechanism, the ECSC constituted a provision at 31 December 2001 of EUR 120 million.

14. Provision for liabilities and charges

14.1. Guarantee Fund

The Guarantee Fund is intended to cover lending and borrowing operations. After allocation of EUR 15 million, the Guarantee Fund totalled EUR 580 million at 31 December 2001. This reinforcing of the Guarantee Fund is connected with the forthcoming expiry of the ECSC Treaty.

On 11 September 1996, the Commission confirmed its intention of maintaining reserves to cover 100 % of those loans outstanding after 23 July 2002 which are not guaranteed by the government of a Member State. This means that the Guarantee Fund must be gradually increased to approximately EUR 580 million (calculated at the conversion rate applicable on 31 December 2001). At 31 December 2001, this coverage was 100 % on condition that there is no default on the loans due to mature before 23 July 2002. However, since some of the loans are denominated in pounds sterling, the 100 % coverage may change as a result of fluctuation in the pound/euro exchange rate.

The Guarantee Fund increased as follows:

(EUR)		
31 December 2000	Allocation 2001	31 December 2001
565 000 000	15 000 000	580 000 000

⁽³²⁾ Decision of the representatives of the ECSC Member States, meeting within the Council, of 27 February 2002 (OJ L 79, 22.3.2002, p. 42).

14.2. Provision for major exposures

Against the background of the expiry of the ECSC Treaty in 2002 and the gradual reduction in outstanding loans, exposure is becoming increasingly concentrated on a limited number of large loans (these large exposures are defined in accordance with Directive 92/121/EEC of 21 December 1992 on the monitoring and control of large exposures).

The provision for major exposures concerns loans exceeding 25 % of the ECSC's own funds which are not covered by first-rate guarantees.

It is intended to provide cover specifically for this concentration of risk and to enable the ECSC to weather any major default. The provision, calculated on the basis of outstanding major exposures at 31 December 2001 according to a procedure recommended by a firm of international experts, totals EUR 6 million (EUR 17 million at 31 December 2000).

14.3. Other provisions

This item comprises provisions for fines and interest subsidies repayable totalling EUR 42 385 781 (EUR 42 272 249 at 31 December 2000) and other provisions totalling EUR 108 313 490 (EUR 116 391 098 at 31 December 2000).

(a) Provisions for fines and interest subsidies repayable (see Note B.4c):

	31 December 2000	Change in 2001 balance sheet	31 December 2001
Provision for fines and surcharges for late payment to be paid	38 950 716	855 999	39 806 715
Provision for interest subsidies repayable	3 321 533	- 742 467	2 579 066
Total	42 272 249	113 532	42 385 781

(b) Other provisions:

	31 December 2000	Operations in 2000			31 December 2001
		Allocation	Withdrawal	Exchange- rate movement and balance- sheet movement	
Provision for interest-rate risk ⁽¹⁾	53 437 191	—	2 848 997	1 369 959	51 958 153
Provision for special costs relating to banking activities ⁽²⁾	200 000	—	—	—	200 000
Provision for appeal against Decision 94/215/ECSC ⁽³⁾	53 940 614	1 865 039	209 704	- 3 488 450	52 107 499
Provision for appeal against Decision 98/247/ECSC ⁽⁴⁾	8 813 293	192 934	418 389	- 4 540 000	4 047 838
Total	116 391 098	2 057 973	3 477 090	—	108 313 490

⁽¹⁾ Following the default of one borrower, long-term securities issued by the ECSC (i.e. with a maturity date after 2002) are no longer paired with asset items bearing an equivalent interest rate. Under the principle of caution and in view of the expiry of the ECSC Treaty in 2002, a provision has been constituted to cover fully interest rate risks.

⁽²⁾ This provision was created to cover any legal costs and other unforeseen expenditure. The risk in question is primarily in the legal field because the ECSC has less recourse, for its operations, to national agents who bear all expenditure relating to loan operations.

⁽³⁾ This provision was created from the fines paid under Decision 94/215/ECSC of 16 February 1994 to cover the possible reimbursement of the amounts received should the Court of Justice rule in favour of the companies which have appealed against the judgment of the Court of First Instance of 11 March 1999 (Note C.3.3).

⁽⁴⁾ This provision was created from the fines paid under Decision 98/247/ECSC of 21 January 1998 to cover the possible reimbursement of the amounts received should the Court of First Instance rule in favour of the companies which have appealed against this decision. The ECSC was informed during December 2001 that one of the appeals had been lodged with the Court of First Instance after the time limit and had subsequently been withdrawn by the appellant. The Court also reduced the amount of one fine on 13 December 2001, and the ECSC has repaid the excess in 2002 (Note C.3.3).

15. Reserves

(EUR)

	Reserves at 31 December 2000 after allocation	Changes 2001	Reserves at 31 December 2000 before allocation	Allocation at 31 December 2001	Reserves at 31 December 2000 after allocation
Special reserve	176 055 284	- 58 055 284	118 000 000	0	118 000 000
Former pension fund	74 577 321	- 34 577 321	40 000 000	0	40 000 000
Assets of the Coal and Steel Research Fund	0	92 632 605	92 632 605	7 367 395	100 000 000
Total	250 632 605	0	250 632 605	7 367 395	258 000 000

The special reserve is used to grant loans from ECSC own funds to finance subsidised housing. At 31 December 2001, loans outstanding totalled approximately EUR 118 million. Consequently, it proved possible to release EUR 58 055 284, which was transferred to free reserves.

The former pension fund originally represented the ECSC's total pension obligations prior to 5 March 1968. Since that date, the Member States have assumed responsibility, via the general budget, for the payment of staff pensions. This fund is used to finance housing loans for officials of the European Communities. At 31 December 2001, the amount outstanding on these loans was approximately EUR 40 million. Consequently, it proved possible to release EUR 34 577 321, which was transferred to free reserves.

The 'Assets of the Coal and Steel Research Fund' reserve, constituted in the context of the winding-up of the ECSC (see Note C.13), comprises free reserves. The freeing of the abovementioned reserves means that EUR 92 632 605 can already be allocated to the assets of the Coal and Steel Research Fund. The allocation of the surplus recorded at 31 December 2001 will further increase these assets to a total of EUR 100 million.

16. Analysis of the result for the financial year

Overall ECSC performance is influenced by both the result of non-budgetary operations (lending/borrowing, treasury investment, exchange rate variations) and the out-turn of the ECSC operating budget.

16.1. Non-budgetary operations

Result	31 December	
	2001	2000
Gross operating margin before changes in provisions		
— Lending/borrowing operations	1 485 339	2 179 046
— Interest on bank accounts	1 919 600	2 604 998
— Transactions concerning portfolio securities	78 473 087	78 095 255
— Loss on loans and advances	- 1 376 363	—
— Exchange rate difference	- 268 248	- 862 006
— Miscellaneous	27 257	1 691 025
Total	80 260 672	83 708 318
Net changes in provisions		
— Provision for liabilities and charges ⁽¹⁾	1 419 117	- 3 134 135
— Provision for major exposures ⁽²⁾	11 000 000	1 000 000
— Value adjustments in respect of loans and advances	44 734 723	565 369
— Provision for financing the operating budget/budgetary contingencies (Note C.14.3a)	174 205 480	- 14 000 000
— Budget for financing coal and steel research	- 240 000 000	—
— Guarantee Fund (Note C.14.1)	- 15 000 000	- 12 000 000
Result after changes in provisions	56 619 992	56 139 552
Amount allocated to financing the operating budget ⁽³⁾ (= net balance)	- 48 031 329	- 54 323 940
Result after deducting the net balance but before allocation of the surplus	8 588 663	1 815 612

⁽¹⁾ Note C.14.3b.

⁽²⁾ Note C.14.2.

⁽³⁾ In accordance with the change of accounting method on 31 December 1992, income received during the 2001 financial year has been allocated to financing the 2001 operating budget (net balance as in Note C.16.2).

16.2. Out-turn of the ECSC operating budget

	31 December	
	2001	2000
Out-turn of the budget		
Expenditure		
— Administrative expenditure (Note C.18)	5 000 000	5 000 000
— Legal commitments (Note C.12)	184 554 560	129 942 347
— Financing of future operating budgets	0	34 000 000
Total	189 554 560	134 942 347
Revenue (net amounts)		
— Levy (Note C.22)	—	—
— Fines (Note C.22)	4 540 000	—
— Repayment of interest subsidies (Note C.22)	826 462	1 955 203
— Miscellaneous (Note C.22)	1 158 428	1 035 599
— Cancellations of legal commitments (Note C.22)	57 998 341	71 627 605
— Financing of future operating budgets	77 000 000	6 000 000
— Net balance for the year (Note C.16.1)	48 031 329	54 323 940
Total	189 554 560	134 942 347
Budget out-turn	0	0

17. Interest and similar charges

(EUR)

	31 December	
	2001	2000
Interest on loans and swaps	139 407 674	168 492 330
Bank interest	9 895	51 772
Issuing costs and redemption premiums	1 882 046	1 992 567
Total	141 299 615	170 536 669

18. Administrative overheads

The ECSC paid a lump sum of EUR 5 million to the general budget of the European Commission to cover its administrative expenditure.

19. Other operating charges

(EUR)

	31 December	
	2001	2000
Borrowing costs	133 559	128 969
SWIFT/Reuters' charges	192 668	158 354
Loss on loans and advances	1 376 363	—
Other	8 499	28 561
Total	1 711 089	315 884

The loss on loans and advances is offset by a withdrawal from the corresponding value adjustment.

20. Interest received and similar income

(EUR)

	31 December	
	2001	2000
Interest on loans and swaps	138 793 019	168 699 496
Payment and redemption premiums	2 339 954	2 072 568
Bank interest	2 196 563	2 696 044
Interest on bonds and other fixed-income securities	69 658 619	73 603 257
Interest on shares and other variable-income securities	1 753 222	1 723 951
Total	214 741 377	248 795 316

21. Other operating income

(EUR)

	31 December	
	2001	2000
Lapsed coupons and bonds	39 383	5 456
Other income from lending activities	—	1 961
Miscellaneous	44 004	2 115 044
Total	83 387	2 122 461

22. Income relating to the operating budget

(EUR)

	31 December	
	2001	2000
Levy ⁽¹⁾	—	—
Fines ⁽²⁾	4 540 000	—
Miscellaneous	1 158 428	1 035 598
Cancellation of legal commitments (Note C.12)	57 998 341	71 627 605
Repayment of interest subsidies (Note B.4c and C.3.4) ⁽³⁾	826 462	1 955 203
Total	64 523 231	74 618 406

⁽¹⁾ The ECSC is authorised under the Treaty to impose a levy on coal and steel produced by undertakings in the Community. The levy is calculated on the basis of the average values in the Community of the various products concerned. The European Commission decided to set the levy rate for the 1998-2001 at 0 %.

⁽²⁾ This item comprises the revenue from fines imposed by the Commission in accordance with Articles 58 and 65 of the ECSC Treaty, together with surcharges for late payment.

⁽³⁾ This item comprises the revenue from the repayments of interest subsidies which the Commission was obliged to demand.

23. Off-balance-sheet commitments

23.1. Commitments received

(EUR)

	31 December	
	2001	2000
Commitments arising from swaps		
— Notional capital commitments relating to interest-rate swaps	212 071 862	229 991 973
— Capital commitments relating to interest-rate and currency swaps	98 603 122	200 889 655
Total	310 674 984	430 881 628

23.2. Commitments given

(EUR)

	31 December	
	2001	2000
(a) Commitments arising from swaps		
Notional capital commitments relating to interest-rate swaps	212 071 862	229 991 973
(b) Capital commitments relating to interest-rate and currency swaps	88 085 042	196 628 836
(c) Receipts from lapsed coupons and bonds	39 383	5 456
Total	300 196 287	426 626 265

The ECSC has always been keen to meet the commitments it has entered into and therefore has traditionally honoured coupons even after they have lapsed. The winding-up of the ECSC will see the end of this practice.

24. Changes in the financial situation for the year ending 31 December 2001

(million EUR)

	2001	2000
Origin of funds		
Balance of profit-and-loss account	8.5	1.8
Items not involving a movement of funds		
— Amortisation of issuing costs and redemption premiums	1.9	2.0
— Value adjustments in respect of financial assets (withdrawals)	– 8.5	– 7.4
— Value adjustments in respect of tangible assets	0.0	0.2
— Value adjustments in respect of loans and advances, net	– 40.2	0.7
— Decrease in 'ECSC operating budget'	– 304.7	– 113.1
— Increase (decrease) in 'Budget for financing coal and steel research'	240.0	0
— Increase (decrease) in accruals and deferred payments	– 7.6	– 5.2
— Decrease in accruals and deferred income and issuing costs/redemption premiums	9.8	7.0
— Increase (decrease) in 'Other liabilities'	– 28.5	– 12.1
— Increase in 'Other assets'	12.8	7.4
— Allocation to (withdrawal from) the provisions for liabilities and charges	– 8.1	2.9
— Allocation to (withdrawal from) the provision for major exposures	– 11.0	– 1.0
— Exchange rate adjustments in respect of borrowings and loans	– 12.4	– 12.6
— Allocation to the Guarantee Fund/special reserve	15.0	12.0
Total funds	– 133.0	– 117.4
Other resources		
— Proceeds from borrowings	—	—
— Loan repayments	745.8	425.4
— Disposals of buildings	—	0.5
— Decreases in bank balances and securities portfolio	10.8	94.8
Total resources	623.6	403.3
Use of funds		
— Loan disbursements/increase in loans and advances	5.4	3.8
— Redemption of borrowings	618.2	399.5
Total uses	623.6	403.3

Annexes

Main characteristics of borrowings outstanding (Euro value at 31 December 2001)

Instrument: ECSC

Year of issue	Interest (% p.a.) (¹)	Term (years)	Initial amount in borrowing currency	Amount outstanding at 31 December 2001		
				In borrowing currency	Equivalent in EUR	
Contracts in CHF						
1989	6.25	13	3 000 000	CHF	300 000	202 306
Total per currency					300 000	202 306
Contracts in DEM						
1991	8.25	10	98 000 000	DEM	98 000 000	50 106 604
Total per currency					98 000 000	50 106 604
Contracts redenominated in EUR						
1987	6.55	15	11 000 000	DEM/EUR	562 421	562 421
1987	6.73	15	9 100 000	DEM/EUR	465 276	465 276
1987	6.6	15	7 700 000	DEM/EUR	393 695	393 695
1988	6.85	14	8 200 000	DEM/EUR	419 259	419 259
1989	7.25	13	2 400 000	DEM/EUR	122 710	122 710
1990	9.16	15	2 700 000	DEM/EUR	552 195	552 195
1990	9	15	1 200 000	DEM/EUR	245 420	245 420
1992	4.19688	10	24 400 000	DEM/EUR	2 495 104	2 495 104
1992	3.7875	10	20 800 000 000	ITL/EUR	2 045 169	2 045 169
1992	3.96263	15	11 900 000	DEM/EUR	3 650 624	3 650 624
1992	7.75	10	100 000 000	DEM/EUR	51 129 188	51 129 188
1992	3.397	10	45 950 000 000	ITL/EUR	4 423 453	4 423 453
1992	3.28713	10	70 900 000	DEM/EUR	6 953 570	6 953 570
1992	3.0	15	9 000 000 000	ITL/EUR	2 788 867	2 788 867
1992	3.158	20	300 000 000	FRF/EUR	45 734 705	45 734 705
1992	3.375	10	57 400 000	DEM/EUR	2 546 234	2 546 234
1992	9.7	10	23 600 000	FRF/EUR	719 559	719 559
1992	2.865	10	34 800 000 000	ITL/EUR	1 063 901	1 063 901
1992	12.9	10	350 000 000	ESP/EUR	262 943	262 943
1992	3.32713	15	11 000 000	DEM/EUR	3 374 526	3 374 526
1992	3.8125	10	18 500 000 000	ITL/EUR	1 781 776	1 781 776
1992	8.34	15	2 300 000	DEM/EUR	705 583	705 583
1992	4.31563	10	39 600 000	DEM/EUR	4 049 432	4 049 432
1993	3.32375	10	20 000 000	DEM/EUR	4 090 335	4 090 335
1993	7.08	15	1 750 000	DEM/EUR	626 333	626 333
1993	6.39	15	1 355 000	DEM/EUR	484 960	484 960
1993	6.64	15	1 185 000	DEM/EUR	424 117	424 117
1993	3.533	10	15 600 000 000	ITL/EUR	3 222 691	3 222 691
1993	6.75	15	1 000 000	DEM/EUR	357 904	357 904
1993	3.5955	10	57 300 000	DEM/EUR	4 480 758	4 480 758
1993	3.7465	10	52 600 000 000	ITL/EUR	2 516 694	2 516 694
1993	7	10	1 500 000 000	FRF/EUR	228 673 526	228 673 526
1993	3.25238	10	18 200 000	DEM/EUR	3 722 205	3 722 205
1993	3.25738	10	19 700 000 000	ITL/EUR	2 274 993	2 274 993
1994	3.457	8	9 930 000 000	ITL/EUR	1 282 104	1 282 104
1994	3.31213	8	10 080 000	DEM/EUR	1 288 456	1 288 456
1995	4.29288	7	2 000 000 000	PTE/EUR	9 975 958	9 975 958
1995	4.42375	7	16 440 000 000	ITL/EUR	2 122 638	2 122 638
1995	4.33363	7	14 000 000	DEM/EUR	1 789 522	1 789 522
1995	7.42	7	79 700 000	DEM/EUR	8 149 993	8 149 993
1995	3.3625	7	14 800 000 000	ITL/EUR	1 910 891	1 910 891
1995	3.2675	7	15 600 000	DEM/EUR	1 994 038	1 994 038
1996	3.74088	6	31 520 000 000	ITL/EUR	4 069 680	4 069 680
1996	5.45	6	21 400 000	DEM/EUR	2 735 412	2 735 412

(¹) Fixed or variable rates as the case may be.

Year of issue	Interest (% p.a.) (1)	Term (years)	Initial amount in borrowing currency		Amount outstanding at 31 December 2001	
					In borrowing currency	Equivalent in EUR
1996	5.375	6	1 400 000 000	LUF/EUR	34 705 093	34 705 093
1997	3.29288	5	8 000 000	DEM/EUR	1 329 359	1 329 359
1997	3.1806	5	16 300 000 000	PTE/EUR	81 304 057	81 304 057
1997	4.75	5	275 000 000	LUF/EUR	6 817 072	6 817 072
1997	4.83	5	80 597 000	DEM/EUR	41 208 592	41 208 592
1997	0	5	8 450 000 000	PTE/EUR	42 148 422	42 148 422
1997	3.11075	5	44 370 000 000	ITL/EUR	7 638 398	7 638 398
1997	4.957	5	786 164 000	BEF/EUR	19 488 497	19 488 497
1997	4.5775	5	75 000 000	DEM/EUR	38 346 891	38 346 891
1997	3.236	5	485 000 000	ESP/EUR	486 069	486 069
1997	3.10075	5	21 270 000	DEM/EUR	3 625 059	3 625 059
1997	4.81	5	49 512 000	ATS/EUR	3 598 177	3 598 177
1997	4.9	5	151 315 000	FRF/EUR	23 067 823	23 067 823
1997	4.895	5	67 000 000	DEM/EUR	34 256 556	34 256 556
1997	4.75	5	2 800 000 000	LUF/EUR	69 410 187	69 410 187
Total per currency					830 109 069	830 109 069
Contracts in GBP						
1990	11.875	19	60 000 000	GBP	60 000 000	98 603 122
1992	9.875	25	50 000 000	GBP	17 220 000	28 299 096
1992	9.875	25	30 000 000	GBP	30 000 000	49 301 561
1993	9.875	24	20 000 000	GBP	20 000 000	32 867 707
1994	6.15	8	12 842 400	GBP	3 098 100	5 091 372
1994	6.875	25	50 000 000	GBP	35 261 000	57 947 412
1994	8.9375	25	47 000 000	GBP	47 000 000	77 239 113
1994	8.98	8	2 668 000	GBP	667 000	1 096 138
1994	8.68	8	7 893 500	GBP	1 973 375	3 243 016
1997	7.215	5	13 972 500	GBP	13 972 500	22 962 202
1997	4.9175	5	675 000	GBP	675 000	1 109 285
1997	3.92	5	4 180 000	GBP	4 180 000	6 869 351
1997	7.54	5	32 536 290	GBP	32 536 290	53 469 663
Total per currency					66 583 265	438 099 039
Contracts in USD						
1993	6.375	15	100 000 000	USD	100 000 000	113 468 739
1996	6.2	6	19 500 000	USD	3 900 000	4 425 281
Total per currency					103 900 000	117 894 020
Grand total (EUR)					1 436 411 038	

⁽¹⁾ Fixed or variable rates as the case may be.

Activities under the ECSC operating budget

Traditional redeployment aid (Article 56(1)(c) and 2(b))

(Amounts covered by provisions)

Member State and sector		31 December 2000 (EUR)	31 December 2001 (EUR)	% per country (2001)
Belgium	Steel	20 882 379	8 888 719	
	Coal	1 452 000	0	
	Total	22 334 379	8 888 719	6.89
Denmark	Steel	0	0	
	Coal	0	0	
	Total	0	0	0.00
Germany	Steel	15 346 703	11 022 312	
	Coal	37 475 609	53 090 574	
	Total	52 822 312	64 112 886	49.72
Greece	Steel	81 000	81 000	
	Coal	0	0	
	Total	81 000	81 000	0.06
Spain	Steel	6 303 499	2 628 240	
	Coal	8 391 886	10 024 803	
	Total	14 695 385	12 653 043	9.81
France	Steel (*)	162 000	0	
	Coal	8 989 636	12 117 000	
	Total	9 151 636	12 117 000	9.40
Ireland	Steel	0	1 288 822	
	Coal	0	0	
	Total	0	1 288 822	1.00
Italy	Steel	24 413 048	5 437 391	
	Coal	0	0	
	Total	24 413 048	5 437 391	4.22
Luxembourg	Steel	3 555 000	4 065 000	
	Coal	0	0	
	Total	3 555 000	4 065 000	3.15
Netherlands	Steel	0	0	
	Coal	0	0	
	Total	0	0	0.00
Austria	Steel	0	0	
	Coal	0	0	
	Total	0	0	0.00
Portugal	Steel (*)	1 831 818	3 544 120	
	Coal	0	0	
	Total	1 831 818	3 544 120	2.75
Finland	Steel	0	0	
	Coal	0	0	
	Total	0	0	0.00
Sweden	Steel	0	0	
	Coal	0	0	
	Total	0	0	0.00
United Kingdom	Steel	3 000	16 372 827	
	Coal	2 014 000	400 000	
	Total	2 017 000	16 772 827	13.01
Community	Steel (*)	72 578 447	53 328 431	
	Coal	58 323 130	75 632 377	
	Total	130 901 577	128 960 808	100.00

(*) Including iron-ore mines.

Traditional redeployment aid (Article 56(1)(c) and (2)(b))

(New allocations and number of workers receiving aid in 2001)

Member State and sector		Number of workers	Allocations in 2001 (EUR)
Belgium	Steel	168	504 000
	Coal	0	0
	Total	168	504 000
Denmark	Steel	0	0
	Coal	0	0
	Total	0	0
Germany	Steel	1 353	4 059 000
	Coal	10 426	31 260 991
	Total	11 779	35 319 991
Greece	Steel	0	0
	Coal	0	0
	Total	0	0
Spain	Steel	487	1 461 000
	Coal	2 792	8 284 811
	Total	3 279	9 745 811
France	Steel	0	0
	Coal	2 552	7 656 000
	Total	2 552	7 656 000
Ireland	Steel	433	1 288 822
	Coal	0	0
	Total	433	1 288 822
Italy	Steel	1 546	4 638 000
	Coal	0	0
	Total	1 546	4 638 000
Luxembourg	Steel	520	1 560 000
	Coal	0	0
	Total	520	1 560 000
Netherlands	Steel	0	0
	Coal	0	0
	Total	0	0
Austria	Steel	0	0
	Coal	0	0
	Total	0	0
Portugal	Steel (1)	829	2 477 901
	Coal	0	0
	Total	829	2 477 901
Finland	Steel	0	0
	Coal	0	0
	Total	0	0
Sweden	Steel	0	0
	Coal	0	0
	Total	0	0
United Kingdom	Steel	8 385	16 372 827
	Coal	150	400 000
	Total	8 535	16 772 827
Community	Steel (1)	13 721	32 361 550
	Coal	15 920	47 601 802
	Total	29 641	79 963 352

(1) Including iron-ore mines.

Redeployment aid — Social measures (steel)

(Amounts covered by provisions)

Member State	31 December 2000 (EUR)	31 December 2001 (EUR)
Belgium	3 485 322	0
Denmark	0	0
Germany	3 464 416	0
Greece	0	0
Spain	0	0
France	0	0
Ireland	0	0
Italy	12 164 956	0
Luxembourg	752 500	0
Netherlands	0	0
Austria	0	0
Portugal	0	0
Finland	0	0
Sweden	0	0
United Kingdom	49 447	0
Community	19 916 641	0

Redeployment aid — Rechar programme and social measures (coal)

(Amounts covered by provisions)

Member State	31 December 2000 (EUR)	31 December 2001 (EUR)	% per country (2001)
Belgium	1 403 474	0	0.00
Denmark	0	0	0.00
Germany	33 251 603	30 338 945	57.31
Greece	0	0	0.00
Spain	9 444 456	13 010 000	24.58
France	11 300 254	9 184 000	17.35
Ireland	0	0	0.00
Italy	0	0	0.00
Luxembourg	0	0	0.00
Netherlands	0	0	0.00
Austria	0	0	0.00
Portugal	8 000	0	0.00
Finland	0	0	0.00
Sweden	0	0	0.00
United Kingdom	3 034 000	400 000	0.76
Community	58 441 787	52 932 945	100.00

Redeployment aid — Social measures (coal)

(New allocations and number of workers receiving aid in 2001)

Member State	Number of workers	Allocations in 2001 (EUR)
Belgium	0	0
Denmark	0	0
Germany	5 109	11 801 008
Greece	0	0
Spain	2 740	10 880 000
France	1 211	4 324 000
Ireland	0	0
Italy	0	0
Luxembourg	0	0
Netherlands	0	0
Austria	0	0
Portugal	0	0
Finland	0	0
Sweden	0	0
United Kingdom	150	400 000
Community	9 210	27 405 008

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